



CALIFORNIA HEALTH ADVOCATES

Medicare: An Overview

Medicare is a Federal health insurance program. It covers most people 65-years-old and over, some people younger than 65 with disabilities, and those with end-stage renal disease. Medicare is divided into several parts. This fact sheet discusses: Part A, Hospital Insurance and Part B, Medical Insurance. For more information on Medicare Part C (Medicare Advantage Plans) and Part D (the new prescription drug benefit), please see our fact sheets Medicare Advantage Overview and Part D Overview (<http://www.cahealthadvocates.org/>).

Part A: Hospital Insurance

Part A covers most in-patient hospital care, some in-patient skilled nursing facility care, some home health care, and hospice care. There is no monthly Part A premium for people who have 40 or more quarters of Social Security credits (about 10 years of full-time work with four quarters per year) and who are eligible for Social Security or Railroad Retirement benefits. People with 30-39 Social Security quarters may buy Part A, but will have to pay a monthly premium of \$226. People with fewer than 30 Social Security quarters may purchase Part A, but will have to pay a monthly premium of \$410 in 2007.

Part B: Medical Insurance

Part B covers a portion of the Medicare approved costs for doctors' services, out-patient hospital care, laboratory tests, out-patient physical and speech therapy, some home health care, ambulance services, and some medical equipment and supplies.

Part B coverage is optional. Some people with other medical coverage don't need this part of Medicare until they are no longer covered under another system. (See our fact sheet Coverage After 65 if You or Your Spouse Works). The Part B monthly premium (\$93.50 in 2007 for most beneficiaries) is automatically deducted from your Social Security check every month. If you do not receive Social Security, you will be billed quarterly for Part B.

Medicare is not a complete health care program. Even though it pays for some preventive services and covers most medically necessary services, Medicare pays for less than half of what it typically costs seniors for all of their health care expenses.

Some examples of items that Medicare will not pay for are: hearing aids, eyeglasses, dental care and long term care at home or in a nursing home, when the care you need is primarily personal care services/custodial care.

SUMMARY OF MEDICARE BENEFITS AND COST-SHARING FOR 2007

Service Provided	Medicare Pays	You Pay
Part A: Hospital Insurance		
Hospital Inpatient		
Days 1-60	Everything after deductible	\$992 deductible
Days 61-90	Everything after co-payment	\$248 per day co-payment
60 Reserve Days	Everything after co-payment	\$496 per day co-payment
Beyond 150 Days	Nothing	All costs for each day beyond 150 Days
Psychiatric Hospital	Same as hospital inpatient but 190 day lifetime limit	All costs after 190 days
Skilled Nursing Facility (SNF) (if daily skilled care needed after a three day hospital stay)		
Days 1-20	All	Nothing
Days 21-100	All after co-payment	\$124 per day co-payment
After 100 Days	Nothing	All
Home Health Care	All except 20% of covered medical equipment	20% of Medicare Approved amount for medical equipment
Hospice (care of terminal illness)	All except \$5 per prescription and the lesser of 5% or \$992 for respite care	Co-payment of \$5 per prescription and for respite care, the lesser of 5% or \$992
Blood (received during hospital or SNF stay)	Pays after 3 pints of blood	For the first 3 pints of blood each year

Part B: Medical Insurance		
Monthly Premium		\$93.50
This is the amount of the monthly Part B premium for individuals who have an annual income below \$80,000, or \$160,000 for couples.		
For individuals with incomes between \$80,000 and \$100,000 and couples with incomes between \$160,000 and \$200,000		\$106.00
For individuals with incomes between \$100,000 and \$150,000 and couples with incomes between \$200,000 and \$300,000		\$124.70
For individuals with incomes between \$150,000 and \$200,000 and couples with incomes between \$300,000 and \$400,000		\$143.40
For individuals with incomes greater than \$200,000 and couples with incomes greater than \$400,000		\$162.10
Annual Deductible		\$131.00/year
Physician Costs	80% of approved amount	20% of approved amount
Outpatient Hospital Care	80% of approved amount	A maximum of \$992
Clinical Lab Services	Approved amount	Nothing
Medical Equipment/Supplies	80% of approved amount	All other costs
Some Preventive Services (covered according to a time schedule, like annual screenings)	80% or 100%	20% of approved amount or nothing, depending on the service
Mental Health Services		
• Partial Hospitalization	Same as psychiatric hospital	See above under Part A
• Outpatient	50% of approved amount	50% of approved amount

1 Each of the 60 reserve days may be used only once in an individual's lifetime.

2 Plus up to an additional 15% of the Medicare approved amount if the doctor or supplier does not accept assignment.

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The Health Insurance Counseling and Advocacy Program (HICAP) provides free, objective information and counseling on Medicare and other related topics. You can call **1-800-434-0222** with your questions or to make an appointment at the HICAP office nearest you. To find the HICAP office in your area, visit <http://www.calmedicare.org/counseling/>